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FACTORS AFFECTING IMPLEMENTATION OF OPERATIONAL STRATEGIES IN NON-GOVERNMENTAL ORGANIZATIONS IN KENYA

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ABSTRACT: *Effectiveness of implementation of operational strategies in NGOs in Kenya is inadequate. Strategies put in place by implementers are insufficient to ensure optimal service delivery to the beneficiaries. The study examined factors affecting implementation of operational strategies in non–governmental organizations in Kenya. It investigated the influence of resource allocation, competitive priorities, information technology and core competencies. A survey of employees at ActionAid International Kenya was conducted using a structured self-administered questionnaire. Data was analyzed using SPSS. The findings show that aligning operational strategies with resource availability enhances success in operational strategy implementation, and strategic resource allocation mechanisms avail the requisite equipment. Also, adoption of information technology and development of organizational core competencies increases the effectiveness of operational strategy implementation. For organizations to achieve their mandates more effectively and efficiently, the study recommends establishment of a strong cohesive management team with the right skills, adoption of up-to-date market-relevant information technologies to maximize on the core competencies, and more strategic selection of competitive priorities.*

KEYWORDS: Operational Strategies, Non-Governmental Organizations, Resource Allocation, Competitive Priorities, Information Technology

INTRODUCTION

Porter (1996) viewed strategy as the process of creating a unique and valuable position with means of a set of activities in a way that creates synergistic pursuit of the objectives of a firm. In line with Porter's description of strategy, operation strategy concerns the pattern of strategic decisions and actions which set the role, objectives and activities of operations (Slack, *et al*, 2006). Operation strategy binds the various operations, decisions and actions into a cohesive consistent response to competitive forces by linking firm policies, programs, systems, and actions into a systematic response chosen and communicated by the corporate or business strategy (Hayes *et al*, 2005). However, operations strategy is narrower in scope as compared to other strategies, as it deals primarily with the operations aspect of the organization, (Slack & Lewis, 2001).

Kenya hosts a number of non-governmental organizations (NGOs), which are geared towards improving the living standards of its citizenry. As in other organizations, operation strategy implementation in NGOs addresses whom, where, when and how to carry out the organization's functions. Hence, the review of operation strategy implementation and by extension NGOs' performance, is necessary in addressing the question of upwards accountability to donors or governments, or others with power over them, and downwards accountability to those affected by them, (Bendell, 2006). Successful implementation of operation strategy requires the necessary human resource skills, financial resources associated with acquiring and implementing the new technologies, innovation accompanied by the development of best practices in organizational policies, performance improvement and quality control (Mintzberg & Quinn, 1992).

Scholte (2004), states that there are a number of factors that influence NGOs' operational strategy implementation such as limited technical capacities and relatively small resource bases which characterize some NGOs. NGOs sometimes may have limited strategic perspectives and weak linkages with other actors in the development arena. They may have limited managerial and organizational capacities (Shah 2005). Other factors that have been estimated to influence the implementation of these strategies include resource allocation, competitive priorities, information technology and core competencies.

LITERATURE REVIEW

Operations strategy is the development of a long-term plan for using the major resources of the firm for a high degree of compatibility between these resources and the firm's long term corporate strategy. A business strategy is often thought of as a plan or set of intentions that will set the long-term direction of the actions that are needed to ensure future organizational success. The relationship between an organization's strategy and its operations is a key determinant of its ability to achieve long-term success or even survival.

The objective of the operations function is to produce the goods and services required by customers whilst managing resources as efficiently as possible. Theoretical review shows the arguments of proponents of the resource-based view that it is not the environment but the resources of the organization which form the foundation of the firm's strategy, and that superior performance comes from the way that an organization acquires, develops and deploys its resources and builds its capabilities, rather than the way it positions itself in the market place, as observed by Barney (1991) and Werner (1984). Thus, the process of strategy development should be based on a sound understanding of current operational capabilities, and an analysis of how these could be developed in the future (Barney, 1991), (Barney J.B 2002)

Porter's five-force model (1980)which has further been reviewed with the latest being by J Riley, 23rd September 2013, "analyzing industry structure" is designed to assist in analyzing the relative effect of each of the five industry-level competitive forces. All five competitive forces together contribute to the intensity of industry competition and profitability. More specifically, the stronger the force or forces affecting industry competition and profitability, the more important they are in strategy formulation. Porter described strategic choice as the choice of competitive methods used by the firm to take advantage of opportunities and minimize the effects of threats. The five forces framework is composed of threat of entry by potential entrants, bargaining power of buyers, threat of substitutes, bargaining power of suppliers and competitive rivalry within states (Porter, 1980). The operating environment is composed of competitors, customers, suppliers and markets. Hence the competitive priority of the organization has influence in the implementation of operational strategies, since it helps it know how to position itself within the market setting.

The key to developing an effective operations strategy lies in understanding how to create or add value for customers through competitive priority or priorities that are selected to support a given strategy. Skinner (1996) initially identified four basic competitive priorities which include cost, quality, delivery, and flexibility that directly go into the characteristics that are used to describe various processes by which a company can add value to the products it provides (Slack, Chambers, Johnston & Betts, 2006). Within every industry, there is usually a segment of the market that buys strictly on the basis of low cost (Slack and Lewis, 2001). To successfully compete in this niche, a firm must necessarily, therefore, be the low-cost producer, however even doing this doesn't always guarantee profitability and success, as products sold strictly on the basis of cost are typically commodity-like because customers cannot easily distinguish the products made by one firm from those of another. Therefore customers use cost as the primary determinant in making a purchase (Voss, 1995).

Prahalad and Gary Hamal proposed their core competence theory in 1990 (Prahalad & Hamal, 1990). They made the case that core competencies are the source of competitive advantage and enable the firm to introduce an array of new products and services. According to them, core competencies arise from the integration of multiple technologies and the coordination of diverse production skills. Core competencies lead to the development of core products which serve as a link between the competencies and end products and enable value creation in the end products (core products are not directly sold to end users; rather, they are used to build a larger number of end-user products). Successful strategy implementation depends on competent employees and their capabilities, seen from their bundles of skills and collective learning, knowledge and technological know-how. It is these attributes that give the organization a competitive advantage and process value, which in turn enhance the implementation of operation strategy.

Information technology can be defined as knowledge, products, processes, instruments, procedures and systems which helps producing goods and services (Arvanitis, 2005). Information Technology is at the center of systems designed for finding customers' needs and satisfaction. Successful implementing of strategies results from integrating and coordination of information technologic innovations, production processes, marketing, financing and personnel. By this means defined goals are achieved (Brynjolfsson & Hitt, 2000). Mitchell (1992) emphasizes on the importance of relationship between main goals and operational targets of organization and its information technological strategy. There should be a wide consensus of opinion among technical, commercial, and official departments of any organization.

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(2000) identified three factors that significantly affect the way in which business is being conducted: connectivity, speed, and intangibility. They suggest that the combination of all three is causing changes to occur in business at such a rate that managers can only view business today as a blur. All three factors are directly related to advances in information technology. Connectivity refers to the fact that virtually everyone is now connected electronically, be it through e-mail, the internet, the telephone, or the fax. At the same time, firms with these connected networks, in many cases, provide services that are now available 24/7 (24 hours a day, seven days a week) in place of the more traditional hours of nine to five, Monday through Friday. This enhances further the implementation of operational strategies within the organization as there is communication with the clients in a timely manner amongst other factors.

According to Barney (1991), the resource-based view depends on the unit of analysis to determine the contribution to an organization's competitive advantage. Hence, he identified a variety of units of analysis, including resources, isolating mechanisms, core competences, and routines. However the focus on the individual resource as the relevant unit of analysis makes the perspective narrow and ignores the fact that the unit or factor possesses strong relations of complementarity among them. Therefore, it is not the individual resource *per se*, but rather the way resources are clustered and their interplay that is important for competitive advantage. In an effort to achieve their objects, organizations usually partner with others in the sector and thereafter not only build the capacity to work with their partners but also build the their partners capacity (Prahalad & Hamel, 1990). However, over time, collaborators will resemble one another and lose their core distinctive competencies. This destroys the value of the relationship, since it removes the very rationale for collaborating.

The conceptualised relationship between the independent and dependent variables is shown in Figure 1.

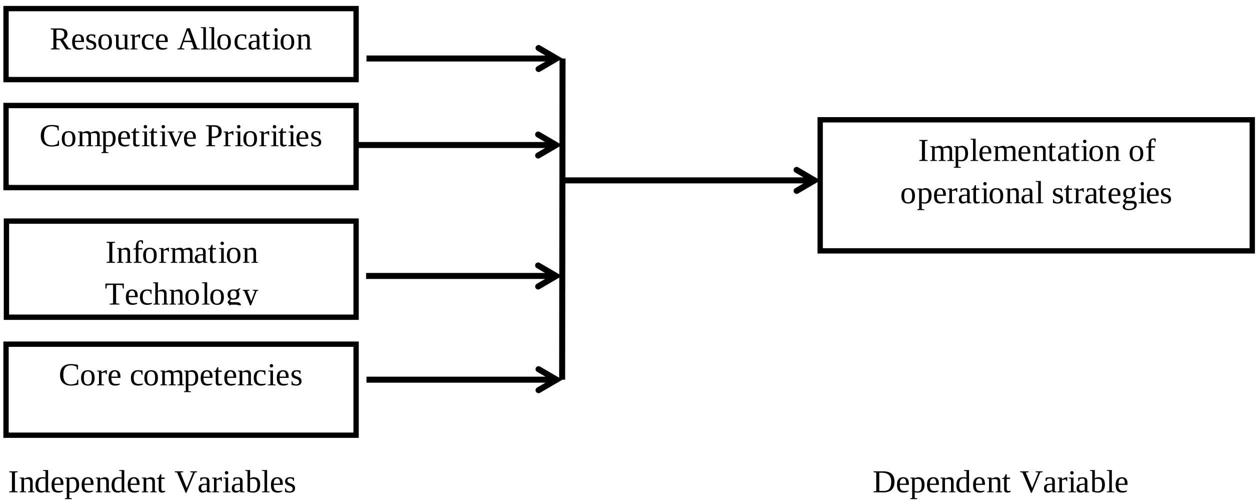

Fig. 1 Conceptual Framework

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METHODOLOGY

The study used a descriptive research design. Cooper and Schindler, (2003) concurred that a descriptive design portrays an accurate profile of persons, events, or accounts of the characteristics of a particular individual, situation or group. Kothari, (2003) preferred descriptive design because it ensures complete description of the situation, making sure that there is minimum bias in the collection of data. The target population was all NGOs in Kenya. The study population consisted of fifteen (15) management staff and (54) operational staff in the human resource department of ActionAid Kenya. The study utilized a self-administered structured questionnaire, which was refined after a pilot study which involved 6 staff members in Western and Coast regional offices. These regions are outside the study area. Adam and Swamidass (1989) noted that questionnaires help accumulate and summarize results very efficiently.

Statistical Package for Social Scientists (SPSS) was used to analyze the data. Results are presented using descriptive and inferential statistics. A linear multiple regression analysis was conducted to show the relationship between the independent and the dependent variables.

The relationship thought to relate the dependent and independent variables was
$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \boldsymbol{\varepsilon}$,

Where Y = Implementation of operational strategies
X_1 = competitive priorities
X_2 = information technology
X_3 = core competencies variable and
X_4 = resource allocation
$\boldsymbol{\varepsilon}$ = residual term

Reliability refers to the consistency of a research instrument. As Fraenkel & Wallen (2000), Kothari, (2004), and Thomas et al (2010) argue, this means that if the instrument is used repeatedly to take the same measurement or reading, it should return the same result. Reliability refers to the consistency of a research instrument. As Fraenkel & Wallen (2000), Kothari, (2004), and Thomas et al (2010) argue, this means that if the instrument is used repeatedly to take the same measurement or reading, it should return the same result. The instrument's Cronbach's alpha reliability index was found to be 0.765. This was judged to be acceptable, since it is more than the 0.70 recommended minimum (Santos, 1999; Wynd e*t al*, 2003). A content validity index ranges from 0 to 1 and the study obtained 0.885. Oson and Onen (2009), state that a validity coefficient of at least 0.70 is acceptable as a valid research hence the adoption of the research instrument as valid for the study.

RESULTS

From the data collected, 60 out of 69 questionnaires administered were filled and returned, representing 86.9% response rate. The findings indicate 40 out of the 69 respondents (57%) agreed that NGOs were successful. Majority (72%) of the respondents agreed that alignment of operational strategies with availability of resources ensures greater success in the implementation of operational strategies; (the corresponding mean was 4.24, measured on a scale of 1.00 – 5.00). 72% reported that resource allocation ensures availability of the necessary operational equipment and facilities which enhance the implementation of operational strategies, (a mean of 3.96); 76.6% reported that resource allocation facilitates tasks and processes that are necessary in the implementation of operational strategy (the corresponding mean was 3.83). Further, 76.4% responded that strategy implementation incurs costs which are catered for by allocated resources which must be sufficient, (reflected by a mean of 3.82). The direction of influence of each of the independent variables on the dependent variable was positive.

53% of the respondents agreed that to successfully compete in low cost segment, an organization must be the low-cost operator or producer, thus it must implement operation strategies that promote low cost. 80% indicated that the ability of a firm to provide consistent and fast delivery is important for its competitive advantage, hence influencing the implementation of operational strategy (this is shown by a mean of 4.0.). 79.4% indicated that competitive priorities include cost, quality, delivery, and flexibility by which an organization can add value to its processes, services and products (this was further shown by a mean of 3.97). 74.8% reported that an organization must establish a proper level of service or product quality requirements by the customer so as to effectively compete in the market place, and this in turn influences implementation of operational strategy; this was evidenced by a mean of 3.74.

The study also sought to establish respondents' opinions on whether competitive priorities affect implementation of operational strategies in the NGO sector. Majority (53%) of the respondents felt that competitive priorities affect implementation of operational strategies in the NGO sector, while 47% indicated that it does not.

Further, 88% of the respondents agreed that information technology is essential in the implementation of operational strategy as it facilitates performance of activities and tasks as shown by a mean of 4.4. 86% reported that information technology is important in strategy implementation and helps achieve a significant positive impact on implementation effectiveness as shown by a mean of 4.3. However, 82% responded that information technology obsolesce is a challenge to the implementation of operational strategy in the face of changing trends in the NGOs sector; this was further indicated by a mean of 4.1. 80% of the respondents agreed that information technological software has a vital role in the information technological process in influencing operational strategy implementation, as evidenced by a mean of 4.0.

Finally, 74%, with a mean of 3.7 of the respondents agreed that information technological systems such as office information systems, management information systems and voicemails, are vital tools in the dissemination of information that aid in operational strategy implementation in the organization.

76.9% of the respondents reported that core competencies affect marketing strategy implementation to a great extent with a corresponding mean of 3.8. 80% of respondents indicated that successful strategy implementation depends on competent employees and their capabilities, as shown by a mean of 4.0. 74% reported that putting together a strong management team with the right skills that works cohesively, is one of the greatest challenges in operational strategy implementation as realized by a mean of 3.7. However, 86% of the respondents concurred that bundles of skills and collective learning, knowledge and technological know-how give an organization competitive advantage and process value to enhance the implementation of operation strategy; the mean was 4.3.

In addition, a linear multiple regression analysis was conducted to test the relationship linking the independent variables (resource allocation, competitive priorities, information technology and core competencies) and the dependent variable (implementation of operational strategies).

Table 4.1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.809	.786	.723	.2114

a. Predictors: (Constant), Competitive priorities, Information technology, Core competencies, Resource allocation.

Regression analysis resulted in the model

$Y= 9.699 + 0.455X_1+ 0.683X_2+ 0.915X_3+ 0.733X_4$

Where Y= Implementation of operational strategies
X_1 = competitive priorities
X_2 = information technology
X_3 = core competencies variable and
X_4 = resource allocation

The model indicates that the independent variables explain only 78.6% of the implementation of operational strategies. This means that other factors not studied in this research contribute 21.4% of the implementation of operational strategies.

DISCUSSION

The study set out to determine factors affecting the implementation of operational strategies in NGOs in Kenya. The variables suspected to bear on the implementation were resource allocation, information technology, core competencies, and competitive priorities. A review of related literature and empirical studies informed the formulation of questions used to obtain the research data. The results indicate that there is a strong positive relationship between the independent variables (resource allocation, core competencies, competitive priorities and information technology) and the dependent variable (implementation of operational strategies). The results show that alignment of operational strategies with availability of resources ensures greater success in the implementation of operational strategies, and that information technology is important since it enhances the processes on implementation effectiveness, because information technological systems are vital tools in the dissemination of information that aid in strategy implementation in NGOs. Further, the study found that an organization's core competency is an important factor as it gives the organization a competitive advantage, since it is difficult to imitate when effectively matched to strategic targets during strategy implementation.

These findings are in agreement with those of Slack et al. (2004b) who states that strategy in a business organization is essentially about how the organization seeks to survive and prosper within its environment over the long-term. In the organization, the decisions and actions taken within its operations have a direct impact on the basis of which it is able to function. This is seen through the ways which an organization secures, deploys and utilizes its resources hence determining the extent to which it can successfully pursue specific performance objectives.

The findings also indicated how competitive priorities affect the implementation of operational strategies. This is in agreement with findings by Voss (1995), who found that to successfully compete in a niche; a firm must necessarily be the low-cost producer. However even doing this doesn't always guarantee profitability and success, as products sold strictly on the basis of cost are typically commodity-like since customers cannot easily distinguish the products made by one firm from those of another. The buying power of customers is determined by the cost and availability of the product once they are able to spend. This calls for the need to have affordable goods and services produced and availed for end users, because customers use cost as the primary determinant in making a purchase.

The study also established that information technology impacts on the implementation of operational strategies, as stated by Cumps *et al*, (2006b). They observed that technology has dramatically affected one of the basic concepts in operations strategy: that of making trade-offs between priorities. With advances in information technology, managers no longer have to make pure trade-offs between competitive priorities as they once did. Instead, today's information technology allows firms to compete on several priorities simultaneously, resulting in shifts to superior performance curves. Hence information technology is a key factor that improves the way the organization reaches its target, produces its goods and services and also makes it relevant in its operation.

These findings concur with those by Skinner (1996) who found that the key to developing an effective operations strategy lies in understanding how to create or add value for customers through competitive priority or priorities that are selected to support a given strategy. The study also showed that a positive relationship between core competencies and implementation of strategies exists. This corroborated a previous study by Prahalad and Hamel, (1990) who established that if a business unit manages to develop its own core competencies over time due to its autonomy, it may not share them with other businesses. As a solution to this problem, corporate managers should have the ability to allocate not only cash, but also core competencies among businesses. This will go a long way in ensuring that a strong brand is presented in the market and operations of the organization implemented.

These findings agree with those of Prahalad and Hamel (1990) who posit that competencies are the basis of strategy implementation and the root of competitiveness. In the long run, competitiveness derives from an ability to build, at lower cost and more speedily than competitors, the core competencies that spawn unanticipated products. The real sources of competitive advantages are to be found in management's ability to consolidate corporate-wide technologies and production skills into competencies that empower individual businesses to adapt quickly to changing opportunities, thus enhancing corporate performance.

IMPLICATION TO RESEARCH AND PRACTICE

Despite the centrality of implementation of operational strategy issues, there has been relatively little scholarly study of the factors that affect their implementation in the NGO sector context. Empirical studies by Slack, (2006c), Roger (1995), Prahalad and Hamel, (1990) with a later review of the same in September 2008, Caeldries and Van Dierdonck (1988) as cited by Awino Zachary Bolo, (2011) Strategic Management: *An Empirical Investigation of Selected Strategy Variables on Firms Performance in Kenya*, have investigated factors affecting the implementation of strategies in non-governmental organizations. However, they have not addressed the current trends in NGOs in line with operational strategies implementation, since the external environment is becoming more and more turbulent, with the need for managers to develop and implement specific operational strategies so as to achieve better business performance. This research provides new knowledge to guide managers in understanding what kind of factors influence the implementation of operational strategies, which is viewed as critical to organizational performance.

CONCLUSION

The study set out to examine factors which affect implementation of operational strategies in NGOs in Kenya. The variables investigated were resource allocation, core competencies, competitive priorities and information technology. The findings show that alignment of operational strategies with availability of resources ensures greater successes in the implementation of operational strategies. It was also observed that to successfully compete in low cost segment, an organization must be the low-cost operator or producer, thus it must implement operation strategies that promote low cost. Further, the study concludes that information technology is essential in the implementation of operation strategy as it facilitates performance of activities and tasks.

Also, core competencies affect strategy implementation to a great extent, and successful strategy implementation depends on competent employees and their capabilities. The results of this research invite the attention of management and operational staff at large to employ effective strategies for the implementation of operational strategies in NGOs. They should at all times put together a strong management team with the right skills that works cohesively to enable them implement the laid out strategies.

FUTURE RESEARCH

There is need to conduct more studies on factors affecting the implementation of not only operational strategies but other strategies in all sectors. This study investigated factors affecting the implementation of operational strategies in non-governmental organizations at ActionAid International, Kenya. To this end, this study should be replicated in a different NGO operating out of Nairobi to find out if these findings are applicable. It should also be replicated in other government parastatals to establish the challenges faced in the process of operational strategies implementation.

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